



The Commonwealth of Massachusetts

Department of Revenue

Lowell Sallonsall Building,

100 Cambridge Street, Boston 02204

IRA. A. JACKSON
COMMISSIONER

July 20, 1983

In your letter of April 26, 1983, as supplemented and modified by your letters of June 7, 1983 and July 14, 1983 you request certain rulings with respect to ("Trust").

The Trust will be a diversified open-end management investment company, organized as an unincorporated business trust under the laws of the Commonwealth of Massachusetts by an Agreement and Declaration of Trust dated March 28, 1983. The Trust will be registered under the Investment Company Act of 1940 ("1940 Act"), and will be a series company under Rule 18f-2 of the 1940 Act.

The Trustees of the Trust have authority to create an unlimited number of shares of beneficial interest of separate series, without par value. Each series, as and when created, will operate as a separate and distinct investment company. To date, shares of two series have been authorized, which shares constitute the interests in the two funds described below. The Trustees have authority to create additional series at any time in the future without shareholder approval.

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The assets received by the Trust for the issue or sale of shares of each series and all income, earnings, profits and proceeds thereof, subject only to the rights of creditors, are specifically allocated to such series, and constitute the underlying assets of such series. The underlying assets of each series are required to be segregated on the books of account, and are to be charged with the expenses in respect of such series and with a share of the general expenses of the Trust. Each share of each series represents an equal proportionate interest in that series with each other share and is entitled to such dividends and distributions out of the income belonging to such series as are declared by the Trustees. Upon any liquidation of a series, shareholders thereof are entitled to share pro rata in the net assets belonging to that series available for distribution.

At present the Trust consists of two separate series ("Funds"), the ("National Fund") and the ("Massachusetts Fund"). Each Fund is managed by the a wholly-owned indirect investment advisory subsidiary of

The National Fund seeks to maximize current income exempt from federal income taxes to the extent consistent with the preservation of capital and the maintenance of liquidity by investing primarily in short-term Municipal Obligations. The National Fund will attempt to achieve its investment objective primarily by purchasing high quality Municipal Obligations which have remaining maturities of one year or less. The dollar-weighted average maturity of the National Fund's portfolio will not exceed 120 days. "Municipal Obligations" are debt obligations of states, cities, counties, municipalities, municipal agencies and regional districts. Under normal market conditions, the National Fund will attempt to invest 100%, and will in any event invest at least 80%, of its total assets in Municipal Obligations; however, during certain limited periods more than 20% of the National Fund's assets may consist of money market instruments which are not exempt from federal income taxes.

The Massachusetts Fund seeks to maximize current income exempt from both federal income taxes and Massachusetts personal income taxes to the extent consistent with the preservation of capital and the maintenance of liquidity by investing primarily in short-term Municipal Obligations of Massachusetts issuers.

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The Massachusetts Fund will attempt to achieve its investment objective primarily by purchasing high quality municipal obligations of the Commonwealth of Massachusetts, its political subdivisions, municipalities and public authorities, which have remaining maturities of one year or less. The dollar-weighted average maturity of the Massachusetts Fund's portfolio will not exceed 120 days. Under normal market conditions, the Massachusetts Fund will attempt to invest 100%, and will in any event invest at least 80%, of its assets in obligations the interest on which is exempt from both federal income taxes and Massachusetts state personal income taxes; however, during periods when the Massachusetts Fund's investment adviser believes that Massachusetts Municipal Obligations suitable for investment by the Massachusetts Fund are not available, the Massachusetts Fund's adviser may invest more than 20% of its assets in instruments the interest on which is exempt from federal income taxes, but not Massachusetts personal income taxes. Moreover, during certain limited periods more than 20% of the Massachusetts Fund's assets may consist of money market instruments not exempt from either federal income or Massachusetts personal income taxes.

Each Fund will declare dividends daily. Such dividends will be accrued through each month and will be distributed on the first business day of the following month.

The Trust intends to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1954, as amended ("Code"). It is contemplated that the dividends paid by both the National Fund and the Massachusetts Fund to the extent that they represent earnings from interest on Municipal Obligations will constitute exempt-interest dividends, as defined in Section 852(b)(5) of the Code, and to that extent will not be subject to federal income tax in the hands of their shareholders.

Shareholders of the Funds will be mailed tax information statements each year. These statements will set forth the total dollar amount of income of each shareholder from the National Fund and from the Massachusetts Fund and the dollar amount of such income of each shareholder which is exempt from Massachusetts personal income taxes. To determine such exempt amounts, dividends declared daily by each Fund will be designated as tax-exempt for Massachusetts personal income tax purposes in the same percentage of the day's dividend as the actual interest accrued on Massachusetts Municipal Obligations on that day bears to the total income accrued on that day by that Fund.

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Based on the foregoing, it is ruled:

1. Shareholders of the National Fund who are subject to Massachusetts income taxation under Chapter 62 of the General Laws will not be required to include in their Massachusetts gross income that portion of their "exempt-interest dividends" (as defined in Section 852(b)(5)(A) of the Code) which the Fund clearly identifies, in the manner previously described, as directly attributable to interest earned on Massachusetts Municipal Obligations, the interest on which would be exempt from Massachusetts personal income taxation if received directly by such shareholders.

2. Shareholders of the Massachusetts Fund who are subject to Massachusetts income taxation under Chapter 62 of the General Laws will not be required to include in their Massachusetts gross income that portion of their "exempt-interest dividends" (as defined in Section 852(b)(5)(A) of the Code) which the Fund clearly identifies, in the manner previously described, as directly attributable to interest earned on Massachusetts Municipal Obligations, the interest on which would be exempt from Massachusetts personal income taxation if received directly by such shareholders.

Very truly yours,



Commissioner of Revenue

IAJ:JJW:mf

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